**PROJECT IDENTIFICATION FORM (PIF)**
**PROJECT TYPE:** Full-size Project
**TYPE OF TRUST FUND: GEF Trust Fund**

## PART I: PROJECT IDENTIFICATION

| | | | |
|---|---|---|---|
| Project Title: | **Strengthening the Institutional and Financial Sustainability of the National Protected Area System** | | |
| Country(ies): | Croatia | GEF Project ID: | **4842** |
| GEF Agency(ies): | UNDP | GEF Agency Project ID: | **4731** |
| Other Executing Partner(s): | Ministry of Environment – Nature Protection Directorate | Submission Date: | March 26, 2012 |
| GEF Focal Area (s): | FLEXIBLE - BIODIVERSITY | Project Duration(Months) | 48 months |
| Name of parent program (if applicable):<br>▪ For SFM/REDD+ [ ] | N/A | Agency Fee ($): | 495,300 |

## A. FOCAL AREA STRATEGY FRAMEWORK:

| Focal Area Objectives* | Expected FA Outcomes | Expected FA Outputs | Trust Fund | Indicative Financing from the GEF | Indicative Cofinancing ($) |
|---|---|---|---|---|---|
| **BD 1:** Improve Sustainability of Protected Area Systems | Outcome 1.1 Improved management effectiveness of existing and new protected areas | Output 1: New Protected Areas (number) and coverage (hectares) of unprotected ecosystems | GEFTF | 2,659,143 | 10,100,000 |
| | Outcome 1.2 Increased revenue for protected area systems to meet total expenditures required for management | Output 3: Sustainable financing plans (number) | GEFTF | 2,058,000 | 6,376,190 |
| Sub-total | | | | 4,717,143 | 16,476,190 |
| Project management cost | | | | 235,857 | 823,810 |
| **Total project costs** | | | | 4,953,000 | 17,300,000 |

## B. PROJECT FRAMEWORK

**Project Objective:** Enhancing the management effectiveness and sustainability of the national PA system to safeguard terrestrial and marine biodiversity

| Project Component | Type | Expected Outcomes | Expected Outputs | Trust Fund | Indicative Financing from GEF | Indicative Cofinancing ($) |
|---|---|---|---|---|---|---|
| PA Management Effectiveness | TA | *A national protected area system[1] covering 515,156 ha of land and sea (6.3% of total land and sea area) is effectively managed by a capacitated PA institution leading to reduced threat of habitat destruction/fragmentation, land abandonment and overharvesting of biodiversity.*<br>*Indicators:*<br>• No net loss of key habitat | 1.1. The management of 19 Protected Areas of national and international importance amalgamated into a new national Institutional Framework for coordinated, cost-effective PA management through (i) A National PA agency[4], with cost-effective centralised functions of operations, planning, information, finance and legal affairs, effective operations in 19 PAs, and a clear mandate established and accountable to multi-stakeholder Board; (ii) An overarching governance structure (Board) established representing the major stakeholders in PA management which oversees the PA authority and | GEFTF | 2,659,143 | 10,100,000 |

[1] This only refers to the protected areas of national and international importance, including only the National Parks and Nature Parks categories. The entire PA system, including all 9 categories cover 696,894 ha (7.9% of the total land and sea)

| Project Component | Type | Expected Outcomes | Expected Outputs | Trust Fund | Indicative Financing from GEF | Indicative Cofinancing ($) |
|---|---|---|---|---|---|---|
| | | within the 572,210 ha of national protected areas[2], including semi-natural grassland areas<br>• Increase of number of sightings in protected areas of national and international importance of Corn Crake (*Crex crex*), Alpine Chamois (*Rupicapra rupicapra*), Bottlenose Dolphin (*Tursiops truncates*) and Brown Bear (*Ursas arctos*).<br><br>*Increased management effectiveness for 19 national protected areas covering 515,156 ha*<br>*Indicator:*<br>• Increased METT scores over baseline by at least 20% over average of the 19 PAs, with no drop in scores in any of the individual PAs<br><br>*Increased capacity in national protected area agency to respond to management challenges in the 19 national protected areas*<br>*Indicators:*<br>• Improved capacity of the national Protected Area system level measured by UNDP capacity assessment scorecard<br>• PA System-level management decisions are increasing based on verifiable, timely information[3]<br>*Baseline figures and targets will be defined during further project preparation* | reports to Ministry; (iii) Policy and regulations in place to ensure effective enforcement to address existing and emerging threats to Biodiversity; (iv) A five-year strategic plan and business plan for the National PA System in place clearly articulating the vision and objectives of the PA institution, with clear national targets and milestones that the PA management needs to strive to achieve.<br><br>1.2 On-the-ground functions (e.g. planning, monitoring, surveillance and enforcement) in 19 PAs are operationally, technically, financially, administratively and managerially supported by a dedicated, well-trained workforce deployed efficiently at HQ and in the PAs achieved through (i) Development and operationalization of a Staffing Plan with well-defined staff requirements and profiles and staff recruited; (ii) Staff career advancement and training plans developed and implemented; (iii) Performance-based promotion system developed and operational; (iv) Staff are resourced (equipment and infrastructure) through the development of a Resource Procurement Plan and implementation of it to fulfil the institutional mandate[5].<br><br>1.3 PAs (covering 515,156 ha of land and sea) management is supported by PA Management Systems that are emplaced to ensure continuous improvement of its management: (i) PA Management Information System installed and operational including modules for financial and management accounting, environmental management, administration and ability to integrate other modules in the future; (ii) A national system established to measure PA management effectiveness, and (iii) National Standardised System of communication, education and awareness raising products to be used in PAs to engender the importance of PAs in the Croatian population. | | | |
| PA Finance | TA/INV | *Croatian PA System covering 575,210 ha set on a path towards financial sustainability*<br>*Indicators:*<br>• 20% increase in financial | 2.1. Croatian Protected Areas Sustainable Financing Plan in place as a guide for increasing the finances to be spent within the PA system and increasing the cost effectiveness of PA management through a) Valuation of Ecosystem | GEFTF | 2,058,000 | 6,376,190 |

[4] A business-like approach will be designed and implemented in order to ensure efficiencies and performance whereby the costs of the headquarters staff and operations will be covered by a service charge and cost-recovery system financed by the protected areas. This is important to ensure that the protected areas remain the focus of management and that the support services are streamlined and service-oriented. GEF funds will not be used for administrative and staffing expenses, but rather for setting up the systems to ensure high performance, cost-effective service provision to the protected areas.

[2] National protected areas refer to protected areas of national and international importance which includes all National and Nature Parks in Croatia.

[3] Measured by easy access of PA System Managers to GIS information, financial statements, national patrol data, national statistics on visitor numbers etc.

[5] Infrastructure will be targeted to sites in most need. Staff identified possible areas for intervention as Brijuni National Park, Northern Velebit National Park, Plitvice National Park, Papuk Nature Park, Lonjsko polje Nature Park and Kopački rit Nature Park

| Project Component | Type | Expected Outcomes | Expected Outputs | Trust Fund | Indicative Financing from GEF | Indicative Cofinancing ($) |
|---|---|---|---|---|---|---|
| | | sustainability of the PA system measured by the UNDP/GEF Financial Scorecard [Baseline to be confirmed during PPG]<br>• At least 10% reduction in 54% financing gap[6] of the national PA system to meet protected area management objectives.<br>• Sources of revenue for the PA management diversified at end of project.<br>• Increase in institutional capacity (measured by UNDP Capacity Development Scorecard).<br><br>*Revenue-generation increased in at least five national protected areas[7].*<br>*Indicators:*<br>• At least 10% average increase in revenue in the five protected areas.<br>• Sources of revenue for PA management increased at site level. | Services (Economic Valuation) Studies for all the National and Nature Parks of the PA System of Croatia; b) A national level financial analysis of protected areas current expenditure and income levels and optimum expenditure levels of the PAs; c) A National Communication Strategy to increase Public Awareness about the rationale for revenue generation mechanisms.<br><br>2.2 Based on economic and business information, adequate annual Government and EPEEF[8] allocations are brokered, and Donor funds applied for, and institutional arrangements put in place for the management of new funds (including administrative systems).<br><br>2.3 Proposal of new policies/laws/measures which will allow for diversification of revenue sources based on well tested site-based financing mechanisms.<br><br>2.4 An effective fee collection system developed and implemented comprising of i) approved and complete system-wide guidelines for fee collection; ii) fee collection systems are implemented at all PAs in a cost-effective manner; iii) Revenue tracking systems in place in each PA.<br><br>2.5 PA managers capacitated in financial sustainability through training in cost-effective management of PAs, business planning and financial management.<br><br>2.6 Income-generation innovations tested and infrastructure established at target sites namely 1) A payment for ecosystem services scheme is piloted for water provision services in the Velebit PA complex (Northern Velebit National Park and Velebit Nature Park); 2) The income of user fees for nature-based tourism is raised in the Lonsjko polje Nature Park and Plitvice Lakes National Park; 3) The income for Mljet National Park is increased by setting up and installing a charge system for recreational boat mooring [Target sites and exact revenue-generation innovations to be defined during the PPG]<br><br>2.7. Five Business Plans for the Prioritised Protected Areas developed and guidelines | | | |

[6] In 2009, of the HRK 22.7 million budget requested by the National Parks and Nature Parks, 46% was approved, whilst of the HRK 33.7 million requested in 2008, only 41% was approved. However, it is difficult to ascertain the true funding gap, as many parks allegedly request what they know they might receive, whilst others request a larger budget in the hope of getting a bigger sum. Based on Financial Sustainability Scorecard that was completed for the Northern Velebit National Park in 2010, US$ 142/hectare is needed for effective PA management in Croatia. This is well below the average PA management costs of US$ 180/ha estimated for European Union member states in 2009 (www.birdlife.org/eu/pdfs/N2000_Final_composite_report_09.pdf). This calculates to US$ 73 million needed for the PA system. With a baseline of approximately US$ 34 million annual investment, the funding gap is estimated at 54%.

[7] PA sites to be defined in PPG. Tentative list include Northern Velebit National Park, Velebit Nature Park, Lonjsko polje Nature Park, Plitvice Lakes National Park and Mljet National Park. Fair ecological representation will be considered when choosing project sites.

[8] Environmental Protection and Energy Efficiency Fund

| Project Component | Type | Expected Outcomes | Expected Outputs | Trust Fund | Indicative Financing from GEF | Indicative Cofinancing ($) |
|---|---|---|---|---|---|---|
| | | | developed for business plan development as an integral part of Management Plan development. | | | |
| Sub-total | | | | | 4,717,143 | 16,476,190 |
| Project Management Cost: | | | | | 235,857 | 823,810 |
| **Total project costs** | | | | | 4,953,000 | 17,300,000 |

**C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, ($)**

| Sources of Co-financing for baseline project | Name of Co-financier | Type of Co-financing | Amount ($) |
|---|---|---|---|
| National Government | Ministry of Environment - Directorate for Nature Protection | In-kind | 40,000 |
| National Government | Ministry of Environment - Directorate for Nature Protection | Grant | 16,700,000 |
| National Agencies | Protected Area Public Institutions | In-kind | 40,000 |
| GEF Agency | UNDP | Grant | 500,000 |
| NGO | WWF | Grant | 20,000 |
| **Total Co-financing** | | | 17,300,000 |

**D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY[1]**

| GEF AGENCY | TYPE OF TRUST FUND | FOCAL AREA | Country name/Global | Grant amount (a) | Agency Fee (b)[2] | Total c=a+b |
|---|---|---|---|---|---|---|
| UNDP | GEF | Biodiversity[9] | Croatia | 4,953,000 | 495,300 | 5,448,300 |
| **Total GEF Resources** | | | | 4,953,000 | 495,300 | 5,448,300 |

[1] In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table
[2] Please indicate fees related to this project as well as PPGs for which no Agency fee has been requested already.

## PART II: PROJECT JUSTIFICATION

### A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

#### A.1.1. THE GEF FOCAL AREA STRATEGIES:

1. The project will seek to conserve globally significant marine and terrestrial biological diversity in Croatia, through effective management of the PA system. The project will make a paradigm shift within the national PA system from decentralized PA sites to a national centralized PA system. Protected areas, comprising of 19 sites, are currently not effectively managed. The current arrangement lacks coordination, accountability, control mechanisms and national support systems. The project will achieve this through improving PA management effectiveness and increasing PA Finance. It will put in place a national PA Agency with cost-effective centralized functions, effective operations in 19 PAs, and a clear mandate established and accountable to a multi-stakeholder Board. PA Agency staff will be capacitated and resourced through the project. The project will also address the financial sustainability of the National Protected Area System through the development and implementation of a Sustainable Financing Plan. The project will broker adequate funding from Government and donor funds and put in place the institutional arrangements for the management of these funds. New mechanisms of diversifying the revenue sources will be tested and appropriate policies and legislation proposed to upscale to other areas. An effective fee collection system will be emplaced in the PAs and staff of the protected areas will be capacitated through financial sustainability training courses.

2. The proposed project is programmed under the GEF Biodiversity Focal Area, Strategic Objective One: Improve sustainability of Protected Areas (PAs). The project will support the implementation of the CBD 2011 – 2020 Strategic Plan and the CBD's Programme of Work on Protected Areas (PoWPA) that was reaffirmed in Nagoya, Japan in 2011. In particular, the project is in line with the PoWPA through the strengthening and managing of national systems of protected areas, promoting equity and benefit sharing, enhancing and securing involvement of local communities and relevant stakeholders, providing an enabling policy, institutional and socio-economic environment for protected areas, building capacity for planning, establishment and management of protected areas; ensuring financial sustainability of PAs and national systems of PAs; and evaluating and improving the effectiveness of PA management.

#### A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS, IF APPLICABLE, I.E. NAPAS, NAPS, NBSAPS, NATIONAL COMMUNICATIONS, TNAS, NIPS, PRSPS, NPFE, ETC.:

3. The project is directly supportive of and consistent with Croatia's national priorities and policies related to global environmental concerns and development. The project is in line with the overarching development document of Croatia namely the Strategic

[9] The Republic of Croatia is requesting the entire STAR allocation for this project and is using the GEF V flexible mechanism

Development Framework 2006 – 2013. It supports two of the goals under the "Space, Nature, Environment and Regional development" theme, namely the development of a comprehensive Croatian tourism offer and to preserve and protect the environment. The project is further aligned and supportive of the most recent Strategy and Action Plan for the Protection of Biological and Landscape Diversity of the Republic of Croatia (NBSAP, 2008). In particular, it is in line with the following strategic objectives defined in the plan: 1) Continue development of the system of protected areas, efficiently manage protected areas, increase the total area under protection and promote active participation of the public concerned; 2) Conserve and improve the existing diversity of wild taxa and recover a part of lost taxa where it is possible and justified; 3) Promote development of sustainable tourism and eco-tourism; 4) Inventorying and ensuring systematic monitoring of the state of all components of biological, landscape and geological diversity; 5) Promote and develop all institutional and non-institutional forms of education on the protection of biological, landscape and geological diversity for all citizens; 6) Ensure informing of the public about, and its participation in, the matters related to the protection of biological and landscape diversity; 7) Adoption of spatial plans of the areas characterized by distinctive features for all national parks and nature parks, valuation of the area from the nature protection viewpoint, incorporation of nature protection requirements and measures, and information resulting from evaluation of the area, into physical planning elements; and 8) Ensure financial mechanisms for effective implementation of the Strategy. During national consultation on the priority areas of the different GEF focal areas as to allocate the STAR funds, especially among the CBD, UNCCD and UNFCCC focal points of the Republic of Croatia, it was decided that addressing the institutional and financial sustainability of the national PA system is a priority to Croatia's development at this stage, and that the country will use of the GEF V flexibility mechanism to access the funds to address this national priority. This decision was based on the fact that protected areas are the primary vehicle for biodiversity conservation in Croatia, but that effective PA management also has land degradation benefits (e.g. erosion control, fire management) as well as climate change mitigation and adaptation benefits (e.g. water provision services, flood control services, carbon sequestration and storage).

## B. PROJECT OVERVIEW:

### B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

4. Croatia is located in central and Southeast Europe, bordering Serbia in the east, Bosnia and Herzegovina to the southeast, Slovenia to the northwest, Hungary to the northeast, Montenegro and the Adriatic Sea to the south. It lies mostly between latitudes 42° and 47° and longitudes 13° and 20° E. The territory covers 56,594 square kilometres, consisting of 56,414 square kilometres of land and 180 square kilometres of water. Elevation ranges from the mountains of the Dinaric Alps with the highest point of the Dinara Peak at 1,831 metres near the border with Bosnia and Herzegovina in the south to the shore of the Adriatic Sea which makes up its entire south-west border. Insular Croatia consists of over a thousand islands and islets varying in size, 48 of which are permanently inhabited. The hilly northern parts and the flat pains of the east (which is part of the Pannonian basin) are traversed by major rivers such as Sava, Drava, Kupa and Danube. The Danube, Europe's second longest river, runs in the extreme east and forms part of the border with Serbia. The central and southern regions near the Adriatic coastline and islands consist of low mountains and forested highlands. Climate: Most of Croatia has a moderately warm and rainy continental climate. Mean monthly temperature ranges between - 3°C (in January) and 18°C (in July). The coldest parts of the country are the snowy forested areas at elevations above 1,200 meters. The warmest areas are at the Adriatic Coast and especially its immediate hinterland characterized by the Mediterranean climate. Mean annual precipitation ranges between 600 and 3,500 millimeters depending on geographic region and prevailing climate type. The least precipitation is recorded in the outer island (Vis, Lastovo, Biševo, Svetac). Maximum precipitation levels are observed in the Dinara Mountain Range. Biogeographical Regions: There are three biogeographical regions in Croatia – 1) Mediterranean along the coast, with its unique islands, and the immediate hinterland; 2) Alpine – which consists of the Dinaric Mountain Range ("Dinaric Alps"); and 3) Continental – which include the Karst limestone zone towards the northwest of the country.

5. Due to the above-described geographical position on the dividing line between several biogeographical regions and due to its characteristic ecological, climatic and geomorphologic conditions, Croatia is one of the richest European countries in terms of biodiversity. Croatia is well known for its exceptionally high biodiversity species richness and as an endemism hotspot for many species. Four Global 200 WWF ecoregions[10] fall within Croatia namely: 1) Balkan Rivers and Streams 2) European-Mediterranean Montane Mixed Forests 3) Mediterranean Forests, Woodlands and Shrub and 4) Mediterranean Sea emphasizing the exceptional rich biodiversity endowment of the country. Birdlife International has identified 23 Important Bird Areas in Croatia. Croatia also has 97 Important Plant Areas, covering 964,655 ha, and three Butterfly Areas, covering 290,000 ha. The known number of animal and plant species in Croatia is around 38,000 (the estimated number is between 50,000 and 100,000). Croatia is ranked third in terms of area to plant species ratio and ranks eight with the greatest mammal diversity (with 101 mammal species , 90 of which are autochthonous) amongst European countries. The main centers of endemism of flora are the Velebit and Biokovo mountains while endemic fauna is most represented in underground habitats (cave invertebrates, the olm), the islands (lizards, snails) and the karst rivers of the Adriatic drainage basin (minnows and gobies). The wealth of marine biodiversity, in combination with the immense diversity of islands and cliffs with endemic life forms, gives the Croatian coastal area international significance. The Adriatic Sea contains within the Croatian territory 442 fish taxa, accounting for 65% of all known fish taxa in the Mediterranean, as well as close to 144,000 ha of endemic *Posidonia* seagrass meadows[11].

[10] The Global Ecoregions is a science-based global ranking of the Earth's most biologically outstanding terrestrial, freshwater and marine habitats. It provides a critical blueprint for biodiversity conservation at a global scale. www.panda.org/about-our-earth/ecoregions/about

[11] *Posidonia* meadows are an important storehouse of carbon sequestration potential exceeding many terrestrial ecosystems.

6. Croatia contains significant populations of many species that are threatened at the European level. Vast mountain beech and fir forests are rich in bear, wolf and lynx populations, all threatened at a regional level. Large wetlands complexes with alluvial forests are important breeding, migration and wintering sites for European waterbirds and for wetlands birds nesting in forests, such as the white-tailed eagle, black stork and lesser spotted stork. Farmland, especially grassland and meadow orchards are very biodiversity rich habitats, hosting numerous valuable species. Although Croatian nature is of high value, many of its components are threatened. The Red List of Threatened Species list 1131 threatened taxa.

7. **Threats to Biodiversity.** The Republic of Croatia face growing threats that negatively impact on the special biodiversity of the country.

Terrestrial Biodiversity: The most significant threat to terrestrial biodiversity is habitat loss and degradation/fragmentation. Due to the relative rapid development of the country since independence, anthropogenic impacts have led to the degradation of habitats, mostly through agriculture, exploitation, industry development, tourism, infrastructure and settlement construction, habitat drainage, irrigation etc. It is considered as the main threat to Croatian fauna (62% of threatened fauna taxa is influenced by loss of natural habitats), fungi and lichens, amphibians and one of the major threats to mammal and bird species (43.2% of threatened birds are affected by the disappearance of wetlands)[12]. Mammals and Croatia ornythofauna are additionally threatened by uncontrolled hunting and poaching. In specific areas of Croatia, semi-natural grasslands have developed over centuries as a result of continuous management by farmers. For most areas in Croatia the final succession stage will be forest, and therefore the grasslands are dependent on regular management by man. The abandonment of agricultural land has a detrimental effect on the long-term conservation of semi-natural grassland species because vegetation succession leads to changes in vegetation and landscapes. Abandonment has affected many types of farmland including significant areas of High Nature Value (HNV). In most cases habitat loss in PAs is happening because of land abandonment, affecting 62% of Croatia's Important Plant Areas. The abandonment of land has also resulted in the colonisation of natural grassland by invasive alien species e.g. Indigo Bush (*Amorpha fruticosa*) in the Lonjsko polje Nature Park.

Threats to Marine Biodiversity: Croatia's marine biodiversity is threatened by pollution, illegal fishing which leads to degradation of the fish populations, death of sea turtles and marine mammals when caught in fishing nets, overfishing of small pelagic fish, increase in sea traffic (due to increased tourism), destruction of habitats through infrastructure, vehicle cruising, anchoring, unauthorised collection of corals, molluscs, crabs or other visually attractive benthic species. The Government lists 59 species in the marine environment as endangered, including 20 IUCN Red List Species. Destructive fishing practices such as anchoring, trawling, dynamiting, dredging and spear gun hunting (which is very popular in Croatia) are damaging the marine ecosystems, and have direct impacts on marine biodiversity. It is estimated that approximately 400 ha of *Posidonia* meadows are threatened within MPAs by anthropogenic activities, mainly related to anchoring (more than 70% of cases). Despite scarce data, initial studies show influence of the climate change on the marine ecosystems, particularly on the life cycle of some fishes (small pelagic species) in Croatia. Climate Change may cause a biodiversity change in the Adriatic Sea with the warming of sea temperature and expansion of thermophilic fish species habitats, i.e. through species movement from south to north. As the Adriatic Sea is the most northern part of the Mediterranean, this could lead to extinction of certain species as they have nowhere to move to.

8. **Protected Area System of Croatia:** Protected areas are the principal means of protecting Croatia's high biodiversity. Croatia has established an impressive protected area system which covers approximately 8% of the total surface area of the country (696,894). These protected areas are covered by 62% forests, 17% natural woodland, shrub or grassland, 9% waters (mostly marine). As approximately 300 human settlements are found inside the protected areas, the remaining 12% is made up of agriculture (10%) and settlements (2%). According to the Croatian Nature Protection Act, protected areas are classified in 9 categories (see Table 1 for description of Protected Area categories), with currently 450 protected nature areas designated under these categories.

Table 1: Description of the Different Croatian Protected Area Categories

| Category | Purpose | Level of Protection |
|---|---|---|
| Strict Reserve | Protection of overall biological diversity, scientific research | Protected by the Government, managed by County (CPI) |
| National Park | Protection of biological diversity, scientific research, tourism, recreation, education | Protected by the Government, managed by State (PI) |
| Special Reserve | Protection of biological diversity focusing on a specific component (forests, plant communities, fauna, hydrology etc.) | Protected by the Government, managed by County (CPI) |
| Nature Park | Protection of biological and landscape diversity, sustainable development, tourism and recreation | Protected by the Government, managed by State (PI) |
| Regional Park | Protection of biological and landscape diversity, sustainable development, tourism and recreation | Protected by the Government, managed by County (CPI) |
| Natural Monument | Protection of a representative element of nature or a small site, scientific research | Protected by the Government, managed by County (CPI) |

[12] State Institute for Nature Protection. 2006. Biodiversity of Croatia. Ministry of Culture, Republic of Croatia.

| | | |
|---|---|---|
| Important Landscape | Protection of landscape diversity, sustainable development, tourism and recreation | Protected by the Government, managed by County (CPI) |
| Park Forest | Tourism and recreation, protection of landscape diversity | Protected by the Government, managed by County (CPI) |
| Horticultural Monument | Protection of cultural heritage and landscape diversity, tourism and recreation, education | Protected by the Government, managed by County (CPI) |

The national system of protected areas in Croatia is composed of 8 National Parks, 11 Nature Parks, 1 Regional Park, 2 Strict Reserves, 79 Special Reserves, 115 Natural Monuments, 77 Important Landscapes, 36 Park Forests and 121 Horticultural Monuments. The largest portion of the territory is protected under the Nature Park and National Park categories (515,156 ha or 60% of the entire estate of protected areas) and forms the core of the protected area system in Croatia (see Table 2 for list of National Parks and Nature Parks as well as coverage). In addition, Croatia proclaimed the National Ecological Network which is a system of functionally connected areas valuable for threatened species and habitats. The Ecological Network of the Republic of Croatia covers 47% of the land and 39% of the marine territory, and includes two corridors: the corridor for sea turtles and the corridor Palagruža-Lastovo-Pelješac (important bird migration area). National (IUCN Category II), Nature Parks (IUCN Category V and VI) and Regional Parks are run relatively autonomously by Public Institutions (PIs) established at each site by the Croatian Government under the auspices of the Ministry of Environment, while all other categories are managed by County Public Institutions (CPIs) and form part of the County level administration. The Directorate for Nature Protection within the Ministry of Environment and Nature Protection (MENP) is the competent authority that directly supervises and controls the PIs established to manage the National and Nature Parks, with respect to administration, finances and legislation. The country has a special institution called the State Institute for Nature Protection (SINP) which assists the MENP in undertaking the more scientific activities related to nature protection, providing expert advice and input to all types of PA.

Table 2: List of the Core Protected Areas in Croatia

| **National Parks**[13] | **Area (ha)** |
|---|---|
| Plitvice Lakes | 26,600 |
| Paklenica | 10,200 |
| Risnjak | 6,400 |
| Mljet | 5,375 |
| Kornati | 21,700 |
| Brijuni | 3,397 |
| Krka | 10,900 |
| Northern Velebit | 10,900 |
| **Nature Parks**[14] | |
| Kopački Rit | 17,700 |
| Medvednica | 17,938 |
| Velebit | 200,000 |
| Biokovo | 19,550 |
| Telašćica | 7,063 |
| Lonjsko polje | 50,650 |
| Papuk | 33,600 |
| Učka | 14,600 |
| Vransko Lake | 5,700 |
| Žumberak – Samoborsko gorje | 33,300 |
| Lastovsko otočje | 19,583 |

9. **The baseline project.** Croatia will invest US$ 76 million in Nature Protection over the project period. Of this US$ 40 million will be assigned to the administration and management of its Core Protected Areas (National Parks and Nature Parks) and SINP. Fifteen million dollars over the project period will be allocated for the construction, maintenance and equipment relating to visitor infrastructure,

[13] National Parks: "A large, predominantly unaltered area of land and/or sea characterized by exceptional and varied natural assets, comprising one or several preserved or predominantly unaltered ecosystems and is primarily unaltered ecosystems and is primarily set aside for the conservation of original natural assets. A national park is intended for scientific, educational and recreational purposes" (The Nature Protection Act 2005). Catering, tourist and recreational activities in connection with visiting and touring, as well as farming, fishery and craft in a traditional way, are permitted as long as the authenticity of nature in the park is conserved. No extractive activities are permitted in these parks, so they effectively strict 'no take' areas. (Environmental Resources Management, 2010. Sustainable Financing Review for Croatia's Protected Areas. The World Bank).

[14] Nature Parks: "A large natural or partly cultivated of land and/or sea distinguished by ecological features of international and national importance with marked landscape, educational, cultural-historical or tourist-recreational values. Business and other activities and acts which do not pose a threat to its essential characteristics and role shall be permitted" ((The Nature Protection Act 2005). As such, extractive activities such as mining and forestry are permitted in nature parks (Environmental Resources Management, 2010. Sustainable Financing Review for Croatia's Protected Areas. The World Bank).

while US$ 11 million will assist in the establishment of the "Natura 2000"[15] network. US$ 9 million will be invested in scientific research and inventory listing in the process of developing management plans. This is complemented by investments for development partners (particularly from a loan from the World Bank of US$ 29 million to be invested in PA infrastructure and capacity development in the next four years). Croatia has created the Environmental Protection and Energy Efficiency Fund (EPEEF) which is financed from polluter pays fees. The EPEEF has US$ 75 million annual revenue and supports projects and programs in the areas of environmental protection, energy efficiency and renewable energy. Although the fund has focused on supporting waste management project in recent years, it also supports protection and preservation of biological and landscape diversity projects with an amount of US$ 1.2 million/year. The funds are used for biodiversity research and monitoring and investment projects e.g. visitor presentation center, establishment of geo-information system for national parks etc. With assistance from MedPAN South pilot project in Croatia "Strengthening marine protected area network in Croatia" (financed by FFEM/EU/Mava Foundation), the Croatian Government is improving management effectiveness by setting-up management plans of the marine protected areas involved in the project.

10. **The long-term solution** to the threats described above is to effectively manage the national protected area system to ensure that viable and healthy populations of species and their habitats are conserved in representative refugias of the country. To be sustainable and effective, this solution needs to be coupled with efforts to reduce the overexploitation and poaching of wildlife, involve all stakeholders in the management of the PA system and strengthen the management institutions that manage the areas.

11. The **business-as-usual scenario** for the national protected area system in the next few years is one where: (1) The 19 independent Public Institutions will be managing the national protected areas with little coordination and national goal achievement under a high cost scenario (2) The capacities to manage the 19 National Protected Areas will be characterised by insufficiencies amongst other things in protected area planning, finance and legal affairs, and operational support, and the work force will in general lack motivation in performing their duties (3) There will be limited national support towards protected area management due to insufficient national stakeholder involvement in PA management (4) The effective management of the national protected area system will be hampered as a result of outdated national policy and legislation on protected area management (5) Protected area management will continue to be reactive rather than proactive in dealing with pressures due to a lack of information (6) Certain protected areas with be overexploited by tourism while others will remain underfunded resulting in long-term degradation.

12. Despite a sizable budget for protected area management, Croatia's PA estate still faces many problems, with significant barriers in place to effective conservation of biodiversity through the PA estate. Two main barriers hamper the achievement of this long-term solution:

| **Barriers** | **Elaboration** |
|---|---|
| Barriers to effective conservation of biodiversity through the PA estate | Barriers to optimal management effectiveness and institutional sustainability include weaknesses in the overall institutional framework of the PA system. Administrative, financial and enforcement capacity and coordination need to be strengthened at a national level, including at PA and National "Head Office' level. The current system of 19 independent Public Institutions, the Directorate for Nature Protection and the State Institute for Nature Protection, all being responsible for certain elements of the management of the PA System are both managerial and financially inefficient and ineffective. Current lack of coordination and administrative, legal and technical assistance to Public Institutions is allowing the threats to have an effect on the biodiversity inside PAs. For example, without a coordinated national approach to enforcement, illegal hunting and poaching cannot be effectively addressed. The exact role and responsibility of each of the agencies involved in protected area management are not clear. The roles of the State, the private sector, donor agencies, NGOs and communities with respect to PA management also need to be appropriately defined. Furthermore, the current PA management practices do not adequately address the interests and objectives of local populations and other key stakeholders e.g. the tourism industry. In terms of PA management, the PIs are not accountable to the local rural communities and private sector stakeholders. There is a need for greater participation of civil society at a higher level than PA sites. This current limited accountability of Public Institutions to stakeholders and the fact that PIs are not held accountable to agreed, set objectives and milestones reduces the effectiveness of these organisations respond to biodiversity threats. The legal and policy elements of their participation remain to enshrined in the policy and legislation. At the institutional front, clarifying the mandate and attributions of different government bodies, in particular, those of the Ministry and the Public Institutions, SINP, for the delivery of PA functions (planning, monitoring, enforcement and the like), is essential. Further, an overarching strategy and business plan need to be developed that provide the roadmap for the improvement of the National PA System in the next five years and has the support and buy-in of all major stakeholders. The improvement of management effectiveness in the National Parks and Nature Parks and to ensure that the human resources assigned to it are both sufficient in number and have the adequate capacity to fulfil their role, is part and parcel of the mentioned Strategic Plan. In addition, the majority of staff are biologists, foresters or agronomists with little managerial training or experience. Thus, managerial and administrative capacity is low and the capacity to develop and analyse business |

[15] NATURA 2000 is the Ecological Network of the European Union that comprises sites important for conservation of species and habitat types. The SINP continues to work on collecting and processing data needed for finalization of NATURA 2000 for Croatia.

| | |
|---|---|
| | plans for the system is largely absent. At PA site level, there are barriers to management effectiveness, with a need for staff training, strengthened enforcement. It further involves expanding the enforcement operations and putting in place the management and financial structures to manage them efficiently and sustainably. A related barrier is the lack of national adequate knowledge and information base regarding park management operations, use of finances and degree of success in achieving management effectiveness. There is a need for a standardised interpretation and awareness programme in the different protected areas in order to educate the Croatian public in the important role of protected areas to Croatia. The long-term sustainability of the protected area system depends on the support of the Croatian people and their acknowledgement of the importance of these areas. |
| Lack of finances to effectively manage the PA system | The underlying barrier to most of the threats to biodiversity in Croatia is the lack of finances to effectively implement on-the-ground management actions to counter the threats and effectively conserve the biodiversity of Croatia. Adequate, equitable and well-targeted funding is necessary to address biodiversity loss. In Croatia, only two National Parks (Krka and Plitvička jezera) cover all their costs through self generated finance. Most National Parks and all Nature Parks need additional financial assistance from the State budget. The protected areas of national and international importance have a financing gap of a minimum of 54%[16]. Despite the fact that all PAs provide extremely valuable ecosystems goods and services, their values are not understood or appreciated. Their values are considered in financial terms, and not in economic terms. The services and goods are mostly enjoyed by users/beneficiaries that are unaware of their existence (what to say about their value) and normally receive these services/goods for free. Further, in most cases in Croatia, the local communities living in or adjacent these protected areas are not compensated for the opportunity cost lost through the establishment and management of the PAs, and in some cases actually 'pay' for the establishment of the PA through loss of stock e.g. wolfs. PA values are considered as free public goods and the PAs are not compensated for the goods and services it provides. Hydro-power and water provision utilities do not pay the PA for the provision of water, which intact functioning ecosystems provide both in improved quality and in regulated quantity. Public and private sector also does not compensate the PAs for the role in flood control, which without functioning ecosystems will cost at times millions of dollars. In fact, PAs are required to pay water utilities for the use of water. An example is North Velebit NP, which pays water fees to Croatian Waters amounting to 35% of annual generated revenues, losing its financial sustainability in this payment, but also paying for a resource its ecosystems are partly responsible for 'creating'. Such examples discourage innovative approaches among PA managers. In addition, there is no clear plan as how to "finance PAs management services", financial mechanisms are not identified, nor are there a clear business plan developed and implemented in any of the Croatian PAs. Administrative, financial and enforcement capacity need to be strengthened at the systems level, and a sustainable financing plan is needed for the system as a whole, including innovative revenue-generating activities, and marketing and communication strategies. The basis of such a financing plan should be based on credible economic valuation of ecosystem services, which should also form part of the marketing and communication plans, which will result in the increase of public, civil society and private sector support to PA management in Croatia. A related barrier is the lack of business acumen of PA managers. This includes lack of incentives to engage in innovative revenue-raising activities in the PAs and the lack in capacity and know-how of cost-effective management of PAs. A national system of monitoring management effectiveness versus financial input (i.e. return of investment) is also lacking. |

### B. 2. INCREMENTAL /ADDITIONAL COST REASONING: DESCRIBE THE INCREMENTAL (GEF TRUST FUND) OR ADDITIONAL (LDCF/SCCF) ACTIVITIES REQUESTED FOR GEF/LDCF/SCCF FINANCING AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS (GEF TRUST FUND) OR ASSOCIATED ADAPTATION BENEFITS (LDCF/SCCF) TO BE DELIVERED BY THE PROJECT:

13. The Government of Croatia is requesting GEF support through this project to remove, in an incremental manner, the existing barriers to promoting the conservation and sustainable use of terrestrial and marine biodiversity . Two components are planned:

**Component 1: PA Management Effectiveness:** This component focuses on strengthening the management effectiveness of the national protected area system in Croatia. The project will support the establishment of the Agency through a legal process. The agency will take over the place of the 19 Public Institutions that currently manage the National Parks and Nature Parks, as well as the establishment of a central Protected Area Agency "Head Office' that will be responsible for overall oversight of the national PA system in Croatia, but also house centralized PA management functions such as operations, planning, information, finance and legal affairs. The core of the agency will be the 19 national protected areas, where the project will support the strengthening of the PA functions of planning, monitoring,

[16] In 2009, of the HRK 22.7 million budget requested by the National Parks and Nature Parks, 46% was approved, whilst of the HRK 33.7 million requested in 2008, only 41% was approved. However, it is difficult to ascertain the true funding gap, as many parks allegedly request what they know they might receive, whilst others request a larger budget in the hope of getting a bigger sum. Based on Financial Sustainability Scorecard that was completed for the Northern Velebit National Park in 2010, US$ 142/hectare is needed for effective PA management in Croatia. This is well below the average PA management costs of US$ 180/ha estimated for European Union member states in 2009 (www.birdlife.org/eu/pdfs/N2000_Final_composite_report_09.pdf). This calculates to US$ 73 million needed for the PA system. With a baseline of approximately US$ 34 million annual investment, the funding gap is estimated at 54%.

surveillance, tourism management and enforcement among others. This institutional set-up will directly result in the increase in management effectiveness as expertise will be focused to address the threats on-the-ground where needed. The project will support the set-up of the Agency, as well as the establishment of a clear mandate of the Agency. In order to increase accountability of PA management to the citizens of Croatia, the Agency will report to a multi-stakeholder Governance Board, representing the major stakeholders of PA management. Policy and regulations will be reviewed and updated to ensure that the newly-established Agency is given all the means to accomplish its mandate. Towards this endeavor, a 5-year Strategic and Business Plan will be developed for the Agency to articulate the vision and objectives, and to agree on important milestones for which the Agency will be accountable for. The increased accountability of the new 'PA Agency' to stakeholders and the fact that the institution will be held accountable to agreed and set objectives and milestones will increase the effectiveness of the institution to respond to biodiversity threats. Although these targets will be set at a national level, work will be concentrated in protected areas, the sites which house the biodiversity. In order to support the implementation of the strategic plan, a Staffing Plan with well-defined staff requirements and profiles, will be developed. An optimum organisation structure, clearly illustrating reporting lines, will be agreed upon and staff restructured. In cases, where additional staff need to be recruited, this will be supported through the co-financing of the project. To ensure continued excellence, a training programme will be developed for staff on all levels and strategically implemented by the project and a performance-based promotion system initiated. Based on a Resource Procurement Plan, strategic infrastructure and equipment will be procured to ensure value-for-money (from a biodiversity conservation perspective) and return-on-investment (from a business perspective e.g. developing tourism infrastructure). Initial discussions with staff identified possible areas for infrastructure intervention as Brijuni National Park, Northern Velebit National Park, Plitvice National Park, Papuk Nature Park, Lonjsko polje Nature Park and Kopački rit Nature Park. The increase of the capacity of PA staff as well as the resourcing of staff will be targeted towards the PA functions of planning, monitoring, surveillance, tourism management and enforcement. This increased capacity of staff will result in on-the-ground actions in conserving biodiversity. In order to ensure the most effective use of resources and best possible decisions from staff members, decision support systems will be developed: (i) a state-of-the-art PA System Management Information System will be installed; (ii) a transparent and coordinated cost accounting system for the PA system operational; and a national management effectiveness evaluation system, (iii) National Standardised system of communication, education and awareness raising products to be used in PAs to engender the importance of PAs in the Croatian population. Increased information ultimately leads to increased on-the-ground management effectiveness. Information on threats and management actions (e.g. enforcement patrol data and illegal activities encountered on a georeferenced map) could assist in targeting actions to the areas most vulnerable to certain threats, and thereby increasing the effectiveness of the on-the-ground activities responding to the threats. The communication, education and awareness raising system to be implemented in the PAs will address threats at source by the targeting the campaign at local community members, production sector leaders and decision makers and governmental developmental officers, all major players in controlling/limiting the threats to biodiversity in Croatia.

**Component 2: PA Finance:** This component will strengthen the capacity of the protected areas to increase their income (include revenue, grants and budget allocations) and to employ cost-effective operational activities in order to reduce the financing gap that is currently being experienced. Economic studies will be conducted for all protected areas to determine the value that the ecosystems provide to the people of Croatia as well as to the world. A system wide analysis will be conducted to determine the current income/expenditure ration of each National Park and Nature Park in the system and optimum scenarios will be constructed to calculate the budget needed to manage each PA in a cost-effective manner. Protected areas will be ranked based on their ability to raise revenue and business plans developed for the top five ranked PAs. These business plans will be used to determine the revenue capabilities of other protected areas. Further, from the experience of developing these Business Plans guidelines will be developed to make it an integral part of Management Plan development. Income-generation innovations will be field-tested and infrastructure established to ensure the schemes long-term viability. All information and lessons learnt from these studies and field tests will be incorporated into a 5-year PA Sustainable Financing Plan for Croatia which will provide the strategic path for the PA system towards addressing the financing gap. New policies/laws/measures will be adopted in order to make the Financing Plan a reality and allow for creation of the well tested financing mechanisms. Based on the economic and business information developed during the preparation of the Sustainable Financing Plan, the project will broker adequate annual allocations from Government and EPEEF towards PA management. Additional donor funds will also be raised and the institutional arrangements, including administrative systems, for the management of the additional funds put in place. An effective fee collection system will be developed and implemented comprising of (i) approved and complete system-wide guidelines for fee collection; (ii) fee collection systems are implemented at all PAs in a cost-effective manner; and (iii) revenue tracking systems are in place in PAs. A system will be developed for PA managers to track management effectiveness of PAs against the investment of funds in order to track the return on investment and other financial indicators. During the entire period of the project the Ministry of Environment and PI staff will be capacitated in business planning and financial management skills. Increased revenues and more cost-effective management of the protected areas will result in the closing of the funding gap that ultimately means that more funds is available to spend on the conservation of biodiversity in these protected areas.

14. **Global benefits.** The project will secure the conservation status of biodiversity in the national protected areas system of Croatia. It will deliver global benefits through improving the management effectiveness of PA management. This project will also secure conservation of ecosystem goods and services (water provision – quantity and quality, flood control, carbon storage and sink, pollination of fruits and vegetables, scenic beauty, etc.), important habitats (alluvial forests, calcareous rocky slopes with chasmophytic vegetation, Eastern sub Mediterranean dry grassland, *Posidonia* meadows, Semi-natural dry grassland and shrubland facies on calcareous substrates, which are important orchid sites) and of indicator populations that significantly contribute to biodiversity: Corn Crake (*Crex crex*), Snake

head's Fritillary (*Fritillaria meleagris*), European shag or Common Shag (*Phalacrocorax aristotelis*), Alpine Chamois (*Rupicapra rupicapra*), Bottlenose Dolphin (*Tursiops truncates*), Brown Bear (*Ursas arctos*).

**B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT AT THE NATIONAL AND LOCAL LEVELS, INCLUDING GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS:**

15. The main direct use values associated with the protected area system are derived from tourism activities. Tourists visiting protected areas spend money both within and outside them. This generates value added in the tourism industry, and further value added for the Croatian economy as a whole through linkages and multiplier effects. All citizens of Croatia will indirectly benefit from the project. This is mainly due to the above described conditions of the tourism industry, but also because the tourism industry is such a large production sector in the Croatian economy[17]. Some percentage of this income accrues to low-income segments of the population through wages, through returns to enterprises. Also, of importance is that the tourism industry in Croatia is linked to the natural beauty of the country. The increase in protected area management effectiveness will have a positive bearing on the tourism development of this country. With further investment in the PA system, the benefits to communities will increase. Important infrastructure developments benefitting local and visitors alike will be developed. For instance, through backward linkages, wholesale and retail businesses will be established near protected areas to offer various goods to the tourist industry. Protected areas also provide other ecosystem services and goods such as drinking water, carbon storage and soil stabilization. In the face of climate change, these roles all become more critical to enhance the adaptive capacity of local people to cope with climate change. Protected areas, by helping to maintain natural ecosystems, can contribute to physical protection against major disasters, which are predicted to rise with climate change. Although the scale of the disasters generally depends on an aggregation of factors (e.g. building regulations, land use) in many cases ecosystem maintenance and natural systems protection can greatly reduce their impacts. Natural ecosystems e.g. forests or wetlands, may buffer land, communities and infrastructure against natural hazards. In addition, protected area management can empower marginalized human community groups by the setting-up of governance systems. The project will promote the participation of local communities, local authorities and private sector partners from the initial stage (project design) throughout the implementation period (i.e. planning, execution, and monitoring and evaluation).

16. The involvement of women in the project is of great importance as the many of the tourism products e.g. traditional cooking, cheese making etc. is maintained by the rural women. During the project inception the mandatory UNDP gender marker will be applied. This requires that each project in UNDP's ATLAS system be rated for gender relevance. This will for example include a brief analysis of how the project plans to achieve its environmental objective by addressing the differences in the roles and needs of women and men. Furthermore, gender marking implies the production of the following data by the project's year 2 and by its end: (i) Total number of full time project staff that are women; (ii) Total number of full-time project staff that are men; (iii) Total number of Project Board members that are women; (iv) Total number of Project Board members that are men; (v) The number jobs created by the project that are held by women; and (vi) The number jobs created by the project that are held by men.

17. **The institutional and financial sustainability** of the project will be ensured through several provisions. The strengthening of the PA institutional and governance frameworks will be the basis for the institutional sustainability of project actions. These institutional frameworks will improve coordination among the various national and local institutions regarding planning and management of the national PA system agency and the individual PAs. The establishment of the PA Agency Board, and the direct involvement of major stakeholders like rural community and private sector in the management of protected areas will constitute a major step in strengthening the country's ability to ensure the protection of biodiversity. Specific consideration will be given to benefit distribution, emphasizing the participation of women. The increase in socio-economic benefits to the people of the regions where protected areas are established will help to ensure that biodiversity efforts are sustainable in the long term, that the PAs enjoy security and are managed in a manner that protects biodiversity.

18. A key element for the financial sustainability of PA management will be the development of the Sustainability Financing Plan and the Strategic/Business Plan for the PA System and the Business Plans for the individual PAs. The business plans will aid in evaluating the specific financial needsfor each area as well as for the system (i.e. basic and optimum management costs analysis) and evaluating future revenue generation sources for each PA and the system as well as capture of outside revenue sources (donor or government).

**B.4 INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS TO BE FURTHER DEVELOPED DURING THE PROJECT DESIGN:**

| Risk | Rating | Management Strategy |
|---|---|---|
| Lack of ability of Government to invest in Protected Area | Moderate | Project will mitigate the risk by strengthening other sources of finance for protected area management, but still it is not expected that these funds will substitute Government funds. The idea is to diversify as far as possible the financial mechanisms available to protected area and through the process build a more robust protected area |

[17] Tourism dominates the Croatian service sector and accounts for up to 20% of Croatian GDP. Annual tourist industry income for 2011 was estimated at €6.6 billion. Its positive effects are felt throughout the economy of Croatia in terms of increased business volume observed in retail business, processing industry orders and summer seasonal employment. http://en.wikipedia.org/wiki/.Croatia

| Risk | Rating | Management Strategy |
|---|---|---|
| Management in the Long-term, especially given the current economic situation | | finance support system. This will be accomplished through the development of sustainable tourism and agriculture development, the strengthening of capacities to easier access additional resources i.e. agri-environmental funds of the EU and in general by planning and managing in an effective, cost-effective manner. |
| Local communities especially farmers and fishermen do not participate fully in project activities | Moderate | The knowledge and experience in managing protected areas through the active involvement of local communities are growing in Croatia. The further involvement of the local community at both protected area level and national level, through representation on the national Governance Board overseeing the to-be-created PA Agency will, further build upon this knowledge and experience. The 5-year strategy dealing with the PA management in Croatia will include a section on the active participation of local communities, including PA benefit sharing, and implemented. The involvement of the communities on this Governance Board will give them a voice to how the PAs are managed. Further, with the active involvement of local communities local solutions will be found beneficial to both the biodiversity of the country, but also to the benefit of the people, a win-win solution for the long-term. |
| Lack of coordination between partners during the project implementation | Low | The project will finance costs for members of a Project Implementation Unit (PIU) to be set up in the MENP's Nature Protection Directorate. This will ensure daily contact with civil servants and working side-by-side towards project implementation. The PIU will be managed by the Director for Nature Protection Directorate that will ensure sound coordination and project management with the various other stakeholders. A Project Steering Committee will also be assembled that will be constituted by members of the various stakeholder groups, ensuring a participatory decision-making process and coordination at the highest level. During project development the formation of site level working groups will be evaluated and if deemed necessary such groups will be formed to ease coordination at a local level. Where possible, formal agreement/MOUs will be used to define roles and responsibilities. Training will be provided to stakeholders on governance and conflict resolution. |
| Sufficient and suitable capacities are not available at the national and protected areas level for project implementation | Low | A key activity under the project is to thoroughly assess the long-term needs for the development of PA management capacity (including capacity for improving the PA's system's financial sustainability. Linked to this, the project will facilitate the preparation of a human resource development plan for the new PA Agency for addressing these needs. Further, the PIU will be capacitated with technical and expert staff to ensure sound implementation of project activities and support to national and PA level staff. When necessary the project will source expertise nationally and/or internationally to deliver certain outputs or to provide appropriate training to develop national and local capacities. |
| Marine and terrestrial ecosystems are not sufficiently resilient and their biological and physical integrity is incrementally compromised by the effects of global and regional climate change | Low | The increased management effectiveness over a large area that is ecologically connected is considered an effective climate change adaptation strategy. The removal of threats, pressures and stresses that impact the biodiversity will ensure that ecosystems are more resilient to the impacts of climate change and therefore less vulnerable to its effects. Connectivity between the protected areas of national and international importance are established through the National Ecological Network, providing movement of species between different habitats and thereby serving as temporary refuge in the face of potential CC events. Finally, site-level protected area managers, private sector individuals and members of local communities will be trained to better understand the impacts of CC on biodiversity/ecosystems and to adopt conservation and management strategies for mitigating CC effects and enhancing resilience. |

### B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT INCLUDING THE PRIVATE SECTOR, CIVIL SOCIETY ORGANIZATIONS, LOCAL AND INDIGENOUS COMMUNITIES, AND THEIR RESPECTIVE ROLES, AS APPLICABLE:

19. A number of key stakeholder groupings will be involved in carrying out the project:

| | |
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| Ministry of Environment – Nature Protection Directorate | This institution plays the role of leading national implementation body of the project. Ministry by its mandate initiates legislation and regulations on protected areas in the Republic of Croatia. It will facilitate functioning of the project implementation unit (PIU), especially in regard to liaison with government authorities from different sectors and protected area authorities. It will oversee integration of conservation measures and monitoring system into management plans and/or annual working plans and contribute to capacity building of public institutions at pilot areas. Ministry will ensure coordination with other relevant projects and initiatives and will be active in monitoring of the PIU activities. |
| State Institute for Nature Protection | SINP acts as the central expert body responsible for a systematic and well co-ordinated collecting, processing and share of nature protection data that would represent a background for nature protection design and planning. |
| Ministry of Tourism | The main promoters of tourism in the country. The Ministry of Tourism will be part of the project in the development of a communication and awareness programme to the Nature Parks and National Parks. |
| Ministry of Agriculture | The Ministry will assist in the liaison with farmers in the establishment of pro-biodiversity agricultural practices on High Nature Value farmland in Nature Parks. |
| Public Institutions of National Parks and Nature Parks | Main implementers of activities and beneficiaries of project results, taking up the Ministry of Environment's role at the local level. They will act as the main source of information on protected areas, providing necessary documents and data needs for successful achievement of project results. It should be noted that these institutions will only be in existence at the beginning of the project, as they will all be amalgamated into one 'PA Agency'. |
| Local Authorities including County Public Institutions | County Public Institutions (CPI) are part of the County level administrations and responsible for protected area management. In the set-up of the National PA Agency the CPIs will be able to provide valuable advice and will be widely consulted in the process to ensure national support, including local authority support. |

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| Local population including farmers, land owners and entrepreneurs | Project will encourage the participation of local population in project implementation. Farmers will be key beneficiaries through the pro-biodiversity scheme and will be required to manage their lands in a pro-biodiversity manner and maintain the unique semi-natural grassland. |
| Civil society organisations (NGOs) | NGOs will provide their expertise in cost-effective management of protected areas, and benefit from plans to strengthen the cooperation between NGOs and Public Institutions to improve PA management. The work done by WWF on Valuation of the Contribution of the Ecosystems of Velebit PAs to Economic Growth and Human Well-being in Croatia will be an important knowledge input and basis for further cooperation. |

**B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:**

20. The project will ensure active coordination and exchange of experience with other related initiatives in Croatia, in particular with the following GEF funded projects: (i) UNDP/GEF "Conservation and Sustainable Use of Biodiversity in the Dalmatian Coast through greening Coastal development – COAST" – by taking of experience in green business support programme and will benefit from the enabling environment that is being created for nature based adventure tourism, rural tourism, organic agriculture and other developing sectors; (ii) WB/GEF "Coastal Cities Pollution Control Project 2" to improve the provision of efficient and sustainable wastewater services in participating coastal municipalities; and to reduce the nutrient load entering Croatia's coastal waters from, and pilot innovative wastewater treatment solutions in selected municipalities; (iii) UNEP/GEF "Data Flow System and Indicators to Enhance Integrated Management of Global Environmental Issues in Croatia" related to UNFCCC, UNCCD and UNCBD conventions - close collaboration is needed in order to take in consideration the SMART indicators covering global environmental concerns and how the project can support the achievement of these indicators (iv) GEF/World Bank "Agricultural Pollution Control Project – under the Strategic partnership Investment Fund for Nutrient Reduction in the Danube River and Black Sea" – experiences will be shared with this project on the engagement of farmers in the use of friendly agricultural practices. All of these projects take a mainstreaming approach to biodiversity conservation. This project will build on the work of these projects by increasing biodiversity conservation inside protected areas.

21. A Technical Working Group will be established that ensembles technical experts on PAs in Croatia and all the related projects in Croatia will be represented on this group. Regular meetings will be held between the different projects to leverage synergies and ensure efficiency in implementing the projects. The studies conducted and information gathered under the other projects will be integrated into project development and implementation. Appropriate lessons from Croatia in dealing with protected area management related subjects will also be of importance.

**C. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:**

**C.1 INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:**

22. UNDP will provide US$500,000 in direct co-financing to this project in the form of a grant.

**C.2 HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:**

23. The present project will benefit from, as well as contribute to, UNDP's past and current work in Croatia, particularly in relation to biodiversity conservation. 'Protected Areas' are one of UNDP's signature programmes and the agency has a large portfolio of PA projects across Europe and the Commonwealth of Independent States (CIS) dealing with PA institutional and management strengthening and PA network expansion, and implementing strategies attuned to the local reality. UNDP currently supports the development and implementation of GEF projects in 63 protected areas covering approximately 63 million hectares in 20 countries across Europe and the CIS.

24. Croatia is a non-UNDAF country. The United Nations Development Programme (UNDP) runs its activities in Croatia on the basis of the 2012-2013 Country Programme, which is successor of 2007-2011 Country Programme. The expected outcomes of the Country programme 2012-2013 address five strategic national development goals: (i) promoting social inclusion (ii) sustainable regional development, with an emphasis on absorption capacity and socio-economic recovery in the Areas of Special State Concern and underdeveloped areas; (iii) the promotion of biodiversity conservation, renewable energy sources and energy efficiency; (iv) measures to contribute to justice reform and human security; and (vi) measures to assist Croatia in its sustainable development and cooperation efforts particularly through sharing its knowledge and expertise on European Integration with countries South-eastern Europe region. The Environmental Governance programme aims to ensure that natural resources are used in a sustainable manner and in compliance with Croatia's international obligations and agreements. In practice, the work is focused to support green models of sustainable local and rural development, towards introducing low-emission practices and reducing GHG emissions (use of energy efficiency and renewable energy sources), towards supporting climate-resilient development initiatives and to support "green" models for small businesses on the Dalmatian coast, to encourage investment decisions and business practices that protect the environment and biodiversity. Ensuring institutional and financial sustainability of national protected areas system entirely fits into the Country Programme strategy. There are 35 full-time employees at the UNDP office in Zagreb, and more than 100 in UNDP offices in Petrinja, Zadar and Split with impressive technical and operational skills. The "Environmental governance" programme has three full-time employees. The UNDP Country Office in Croatia will also be backed up with technical expertise available in the UNDP Regional Centre based in Bratislava, Slovakia.

## PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this OFP endorsement letter).

| NAME | POSITION | MINISTRY | DATE *(Month, day, year)* |
|---|---|---|---|
| Ms. Gordana Ruklic | Head of Department and GEF Operational Focal Point | Ministry of Environment and Nature Protection | 27 February 2012 |

**B. GEF AGENCY(IES) CERTIFICATION**

| **This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.** | | | | | |
|---|---|---|---|---|---|
| **Agency Coordinator, Agency name** | **Signature** | **Date** *(Month, day, year)* | **Project Contact Person** | **Telephone** | **Email Address** |
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